

The complaint

Ms S complains that Monzo Bank Ltd (Monzo) has failed to treat her fairly while she's been experiencing financial difficulties, which impacted her ability to repay her personal current account overdraft. She's unhappy that Monzo defaulted the account, and that it took several months to answer her request to write off the remaining balance.

What happened

Ms S had a personal current account overdraft with Monzo. From late 2022, the overdraft went over its agreed limit several times.

In February 2023, Ms S told Monzo that she'd recently lost her job and was struggling to manage to pay more than her priority bills.

In August 2023, Monzo defaulted the account. Ms S complained this was unfair, as she'd been in consistent communication with it using the chat facility in its app, and email. In its final response, Monzo said it thought it had acted reasonably in defaulting the account, as no payment arrangement had been set up. It thought there were delays and times its service could have been better, and offered Ms S £50 by way of apology for any distress and inconvenience to her.

Ms S was unhappy with Monzo's response, and referred her complaint to our service. Monzo increased its offer of compensation to £100, which Ms S rejected.

Ms S raised a further complaint with Monzo about the time it took to respond to her request that it write off the remaining debt. In its final response to this complaint, Monzo offered Ms S £125 for the delays in responding to her request. Ms S wasn't happy with Monzo's offer.

One of our Investigators considered Ms S's complaint. He thought Monzo's total offer of £225 was a fair way to resolve it. Ms S disagreed, so the complaint comes to me to decide.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Firstly, as Monzo has consented to our service considering all of Ms S's complaint, I don't need to consider whether all of it has been brought to our service inside the time limits set by the regulator.

Monzo has a duty to report true and accurate information to Ms S's credit file. The relevant guidance from the Information Commissioner's Office (ICO) says that a default may occur when an account is three months in arrears, and will generally occur by the time an account is six months in arrears.

Ms S's overdraft went over its agreed limit in February 2023, and remained over the credit limit from then on. Ms S is unhappy as she was in communication with Monzo throughout this time, and kept it updated with her financial circumstances.

I've considered all of the messages and emails between Ms S and Monzo. When Ms S told Monzo she was experiencing financial difficulties, it asked her questions about her circumstances – including about her income and expenditure. This is what I would expect Monzo to do, to help it determine what support it could offer. Monzo also applied multiple 'breathing spaces' to the account, meaning it wouldn't apply fees and charges to the account and wouldn't pursue Ms S for payment for a short period of time, which I think was a reasonable step for it to take.

Ms S informed Monzo that she has ADHD. Monzo asked how this impacts her, which is what I would expect it to do when a consumer discloses they are neurodiverse.

It typically took Monzo one to two days to respond to a chat message in its app, and around a week to respond to emails. I think that Ms S having ADHD may have meant it was more difficult for her and Monzo to communicate effectively in this way. And Monzo has accepted there were times where its responses were unreasonably delayed. Ms S also asked about communication by phone, at which point Monzo provided her with a number she could call – which I think was reasonable. I can't see Ms S contacted Monzo by phone.

I've also considered the information Ms S provided to Monzo about her circumstances. From February to August 2023, whenever Ms S gave information to Monzo about her financial situation, she said she was struggling to manage her priority bills and had payment arrangements in place for some of them.

As I've explained above, the relevant guidance from the ICO says that a default may occur when an account is three months in arrears, and will generally occur by the time the account is six months in arrears. Monzo has explained that it will make an exception to this where it's agreed a payment plan that will clear the outstanding balance within twelve months.

Given Ms S had told Monzo she was struggling to manage her priority bills, I don't think it would have been able to agree a payment plan that would have cleared the outstanding balance in a reasonable period of time, even if there hadn't been some unreasonable delays in its communication.

Overall, taking everything into account, I think it was reasonable that Monzo defaulted Ms S's account in August 2023. At that point, the account was six months in arrears, and Monzo had sent the required communication to Ms S to notify her that it intended to default the account.

I can see Monzo has reported that the account was in an arrangement for the periods it had applied a 'breathing space' to Ms S's account.

Overall, taking everything into account, I think the information Monzo has reported to Ms S's credit file is true and accurate. So, I can't reasonably ask Monzo to remove the default or amend the information reported to Ms S's credit file.

Monzo has accepted there were unreasonable delays in it responding to Ms S's request to write off the outstanding balance, and (as I've outlined above) that there were some unreasonable delays in its communication with Ms S prior to defaulting the account. I've thought carefully about the amount Monzo has offered to Ms S to put things right. I've also thought carefully about the impact Ms S has said these delays had on her, at what was a particularly stressful time given the financial difficulties and health issues she was experiencing.

I'm sorry to hear about the tough time Ms S has had over the last few years. I appreciate that the delays in Monzo's communication would have exacerbated the stress she was

experiencing. On balance, I think that Monzo's total offer of £225 is a fair reflection of the distress and inconvenience caused to Ms S by its delays.

I appreciate this isn't the outcome Ms S was hoping for, but for the reasons I've explained I won't be asking Monzo to do anything further.

Putting things right

For the reasons I've explained, I think Monzo's offer of £225 is a fair way to put things right, and I won't be asking it to do anything further.

My final decision

My final decision is that I uphold this complaint. To put things right, Monzo should pay Ms S a total of £225, if it hasn't already done so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms S to accept or reject my decision before 19 March 2026.

Frances Young
Ombudsman